

Message Text

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SUBJ: GOS ON NETHERLANDS DEVELOPMENT ASSISTANCE

REF: PARAMARIBO 407

1. IN AN EFFORT TO ACCENTUATE THE POSITIVE IN NETHERLANDS DEVELOPMENT COOPERATION MINISTER DE KONING'S RECENT VISIT TO SURINAM (WEEK OF MARCH 12), SURINAM GOVERNMENT PUBLICITY SERVICE (RPD) HAS RELEASED A LENGHTY REPORT STRESSING AREAS OF AGREEMENT BETWEEN THE GOS AND THE NETHERLANDS GOVERNMENT (GON). DECISION TO INSTITUTIONALIZE SEMI-ANNUAL MEETINGS OF DEVELOPMENT COOPERATION MINISTER AND SURINAM'S MINISTER OF DEVELOPMENT IS VIEWED AS A DEVICE TO AVOID OR AT LEAST MINIMIZE FUTURE MISUNDERSTANDINGS, WHILE REAFFIRMATION OF SURINAM'S OBLIGATION TO FINANCE A PORTION OF THE DUTCH AID PROJECTS IS SEEN AS IN KEEPING WITH SURINAM'S OWN RESPONSIBILITY AND A DESIRE TO CREATE AN INDEPENDENT AND SEL-SUSTAINING ECONOMY, ALBEIT WITHIN A WORLD OF ECONOMIC INTERDEPENDENCE.

2. REGARDING EFFORTS TO SECURE FROM THE INTERNATIONAL CAPITAL MARKET THE REMAINING \$20 MILLION PLUS NEEDED TO COMPLETE THE RAILROAD UNDER CONSTRUCTION IN WEST SURINAM, THE RPD ASSERTS THAT HEALTHY DEVELOPMENT OF
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FINANCING INCLUDES USE OF SURINAM'S OWN RESOURCES AS WELL AS FOREIGN CAPITAL, INCLUDING BANK LOANS, SUPPLIER'S CREDITS, AND CONTRACTOR'S CREDITS, CITING A VENEZUELAN HYDRO PROJECT AT GURI AS AN EXAMPLE WHERE EVEN A RICH COUNTRY MAKES USE OF OTHER FINANCIAL MEANS THAN ITS OWN RESOURCES. THE RPD FURTHER DECLARES THAT THE WEST SURINAM PROJECT IS NOT THE FIRST NOR THE LAST PROJECT IN WHICH

FOREIGN FINANCING WILL BE SOUGHT.

3. THE RPD STATEMENT ALSO ADDRESSES THE DUTCH GUARANTEE FOR THE LOAN NEEDED TO COMPLETE THE WEST SURINAM RAILROAD, NOTING THAT THE COOPERATION AGREEMENT SIGNED WITH THE NETHERLANDS IN 1975 PROVIDES FOR PRECISELY SUCH GUARANTEES UP TO A MAXIMUM OF NF. 500 MILLION. INCOME FROM PROJECTED EXPLOITATION OF BAUXITE RESOURCES IN THE WEST SURINAM AREA IS EXPECTED TO PROVIDE THE MEANS TO PAY BACK THE LOAN AND INTEREST, BUT EVEN IF THOSE FUNDS ARE NOT AVAILABLE AS RAPIDLY AS NEEDED, SURINAM AND THE NETHERLANDS WILL SEEK A REASONABLE SOLUTION.

4. ALL OF THIS LEADS THE RPD TO CONCLUDE THAT THE GON SHARES THE GOS BELIEF THAT THE DEVELOPMENT OF WEST SURINAM IS ONE OF THE ESSENTIAL ELEMENTS OF SURINAM'S DEVELOPMENT AND THUS CLAIM DUTCH SUPPORT FOR THE GOS VIEW OF THE IMPORTANCE OF THAT PROJECT AND THE CONCEPT THAT IT WILL BE EXTREMELY PRODUCTIVE. WHETHER OR NOT THE GON ADHERES FULLY TO THIS SUMMARY WILL BE MORE CLEARLY SEEN AT THE NEXT MEETING OF THE NETHERLANDS-SURINAM DEVELOPMENT COOPERATION COMMITTEE (CONS), WHICH REPORTEDLY HAS BEEN RESCHEDULED FROM MID-APRIL UNTIL EARLY MAY.
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